

HB

171

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/3/90

FURTHER: \_\_\_\_\_

DATE TURNED INTO OFFICE: 5/5/90

The Finance Committee considered CSHB 171 (Finance)  
Requirements and assistance granted under aid to families with dependent children; efd.

and recommended:

replace with \_\_\_\_\_ CS  
 or adopt S CS

same title  
 new title  
 technical title change (HB only)

attached amendment(s)

\_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_

zero fiscal note(s) SFC/DHESS  
5/5/90

appropriation-no fiscal note

APPROVES PREVIOUS:

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1.

John B. ... DO PASS  
Co-Chairs: Signatures and Recommendations

2.

Rich ... (NO PASS)

Co-Chairs: Signatures and Recommendations

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Act relating to AFDC  
training and education program  
Sponsor: Reps. Boyer, M. Davis et al  
Requestor: Senate Finance

Agency Affected: Health & Social Services  
BRU: Public Assistance Admin.  
Components: Alaska Work Program

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

<b>CAPITAL</b>	0	0	0	0	0	0
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<b>REVENUE</b>	0	0	0	0	0	0
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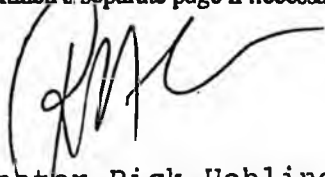
**FUNDING:** (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	0	0	0	0	0	0

**POSITIONS:**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS :** (Attach a separate page if necessary)



Prepared by: Senator Rick Uehling, Co-chairman  
Division: Senate Finance Committee

Phone: 465-4821  
Date: May 5, 1990

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

Date: \_\_\_\_\_

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

**Adopted**

Original sponsor(s): REP. ELLIS, Boyer, M.Davis, Brown, Collins,  
Spohnholz, Ulmer, Goll, Menard, Koponen, Navarre, Boucher

1 IN THE HOUSE

BY THE HESS COMMITTEE

2

SENATE CS FOR CS FOR HOUSE BILL NO. 171 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to eligibility requirements for, and  
7 assistance granted under, the program of aid to  
8 families with dependent children; establishing a  
9 training and education program to expand employment  
10 opportunities for persons who receive aid to families  
11 with dependent children; repealing the work incentive  
12 program; establishing a pilot project relating to an  
13 alternative education program designed to meet the  
14 needs of persons of school age who are pregnant or  
15 are parents; and providing for an effective date."

16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

17 \* Section 1. FINDINGS. (a) In AS 47.25.400, the legislature has  
18 declared that a purpose of the program of aid to families with dependent  
19 children is to strengthen family life. The legislature finds that this  
20 purpose would be promoted by granting aid on behalf of children who are  
21 deprived of parental support by reason of the unemployment of a parent. If  
22 this aid were authorized, there would be no disincentive to keeping a  
23 family intact because aid would be provided even if both parents were still  
24 in the child's household. Therefore, one purpose of this Act is to expand  
25 the eligibility of children and families to receive aid by including two-  
26 parent families who meet the applicable standards.

27 (b) The legislature also finds that persons who receive aid to fam-  
28 ilies with dependent children (AFDC) could decrease their dependence on the  
29 federal and state welfare systems if they were provided with opportunities

1 for education and training that would facilitate their participation as  
2 paid workers in the nation's economy. Therefore, in order to provide these  
3 opportunities and to comply with federal law, this Act establishes a JOBS  
4 (Job Opportunities and Basic Skills) program for AFDC recipients.

5 \* Sec. 2. AS 47.25.310 is amended to read:

6 Sec. 47.25.310. ELIGIBILITY FOR ASSISTANCE. The department  
7 shall grant assistance to the family of each dependent child and each  
8 pregnant woman it determines is eligible for assistance under AS 47.-  
9 25.310 - 47.25.420. The department shall apply sanctions authorized  
10 under AS 47.25.421(d) for failure to comply with the requirements of  
11 the JOBS program established under AS 47.25.421 - 47.25.429, or the  
12 requirements of an Indian or Native program approved under 42 U.S.C.  
13 682(i) [, OR TO EMPLOYERS UNDER A WORK INCENTIVE PROGRAM ESTABLISHED  
14 BY AS 23.15.650, AND BY 42 U.S.C. 633(e)(1) (SOCIAL SECURITY ACT, WIN  
15 PROGRAM), AS AMENDED].

16 \* Sec. 3. AS 47.25.310 is amended by adding new subsections to read:

17 (b) When determining whether a person has sufficient work his-  
18 tory for purposes of qualifying for benefits as the unemployed princi-  
19 pal wage earner in a family that includes a dependent child, the  
20 department shall consider as quarters of qualifying work up to four  
21 calendar quarters in the proper time period in which the person (1)  
22 attended on a full-time basis an elementary school, a secondary  
23 school, or a federally approved vocational or technical training  
24 course that is designed to prepare the person for gainful employment;  
25 or (2) participated in an education or training program established  
26 under the Job Training Partnership Act (P.L. 97-300) or a training and  
27 employment program operated or funded by the State Job Training Coor-  
28 dinating Council in the Department of Community and Regional Affairs  
29 through a grant from the Department of Labor. A person may substitute

1       quarters of education or training for quarters of work only once in  
2       the person's lifetime to establish eligibility under AS 47.25.310 -  
3       47.25.420.

4           (c) The department may not require as a condition of eligibility  
5       under AS 47.25.310 - 47.25.420 that a minor parent or a minor who is  
6       pregnant reside in a particular type of household or institutional  
7       setting.

8       \* Sec. 4. AS 47.25.320 is amended by adding new subsections to read:

9           (e) Until changed under (f) of this section, the department  
10       shall determine the amount of assistance payable for a second adult in  
11       a household where a child is dependent because of the unemployment of  
12       the principal wage earner according to the same standards it uses to  
13       determine the amount of assistance that is payable for a second adult  
14       in a household where a child is dependent because of parental mental  
15       or physical incapacity.

16          (f) In compliance with federal requirements, the department  
17       shall periodically study the standards it uses for determining the  
18       amounts of assistance that will be granted under this section. Based  
19       on the studies, the department shall adjust the standards and amounts  
20       within the maximums established by law. If statutory changes are  
21       needed to make the adjustments otherwise required under this section,  
22       the department shall report to the legislature its recommendations for  
23       changes in law necessary to authorize the adjustments.

24       \* Sec. 5. AS 47.25.410(3) is amended to read:

25           (3) "dependent child" means a needy child under 18 years of  
26       age, or under the age of 19 and a full-time student in a secondary  
27       school or an equivalent level of vocational or technical training that  
28       the child is reasonably expected to complete before reaching age 19,  
29       who is deprived of parental support or care by reason of the death,

1 continued absence from the home, unemployment, or physical or mental  
2 incapacity of a parent, and who is living with a father, mother,  
3 grandfather, grandmother, brother, sister, stepfather, stepmother,  
4 stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece  
5 in a place of residence maintained by one or more of these relatives  
6 as the child's home or their own home, and includes a child

7 (A) who would come within the meaning of dependent  
8 child except for removal of the child after April 30, 1961, from  
9 the home of a relative as a result of a judicial determination to  
10 the effect that continuation therein would be contrary to the  
11 welfare of the child,

12 (B) for whose placement the department is responsible,

13 (C) who has been placed in a foster family home as a  
14 result of such determination, and

15 (D) who received aid under this plan in and for the  
16 month in which court proceedings leading to such determination  
17 were initiated;

18 \* Sec. 6. AS 47.25 is amended by adding new sections to read:

19 ARTICLE 3A. JOB OPPORTUNITY AND BASIC SKILLS PROGRAM (JOBS).

20 Sec. 47.25.421. AUTHORIZATION TO IMPLEMENT PROGRAM. (a) In  
21 order to provide persons receiving aid under AS 47.25.310 - 47.25.420  
22 (Aid to Families with Dependent Children) with incentives, opportuni-  
23 ties, and necessary services for employment, training, and participa-  
24 tion in the nation's economy and to relieve their dependence on the  
25 federal and state social services and welfare system, the department  
26 shall administer a program of education, training, and job placement  
27 entitled JOBS, Job Opportunity and Basic Skills.

28 (b) In implementing the program, the department shall

29 (1) execute on behalf of the state the agreements or

1 contracts with appropriate state and federal agencies that are neces-  
2 sary to enable the state to meet the requirements of federal law;

3 (2) receive and expend money made available for the program  
4 by the state or federal government;

5 (3) supervise the expenditure of the money and the conduct  
6 of the program, ensuring that it complies with state and federal law;

7 (4) make reports and supply certifications that are re-  
8 quired in relation to the program; and

9 (5) otherwise cooperate with the federal government and its  
10 departments and agencies in the administration of the program.

11 (c) The department may carry out the program directly or through  
12 arrangements or under contracts with administrative entities involved  
13 with the Job Training Partnership Act (P.L. 97-300), as amended, with  
14 state and local education agencies, and with other public agencies or  
15 private organizations, including community-based organizations accept-  
16 able under federal regulations. The department shall contract for  
17 services under the program when feasible and in the state's interest.  
18 The department may adopt regulations to govern the operation of the  
19 program components that are operated under contract by other entities.  
20 Whether the department operates the program directly or through con-  
21 tract, the department shall coordinate the program with programs  
22 operated in the state under the Job Training Partnership Act and with  
23 other relevant employment, training, and education programs available  
24 in the state, including programs operated by Indian or Native organi-  
25 zations that receive grants from the federal government to operate  
26 their programs under 42 U.S.C. 682(i) and programs operated or funded  
27 by the State Job Training Coordinating Council in the Department of  
28 Community and Regional Affairs through a grant from the Department of  
29 Labor. The department shall consult with the Department of Education,

1 the Department of Labor, and the Department of Community and Regional  
2 Affairs to promote coordination of the planning and delivery of ser-  
3 vices under the program with programs operated by those departments.

4 (d) The department shall adopt regulations setting criteria for  
5 determining whether a person is in noncompliance with participation  
6 requirements of the program for the purpose of imposing sanctions  
7 under the program for nonparticipation and for noncompliance with a  
8 participation agreement. The department shall consult with Native  
9 organizations that are operating similar programs when developing  
10 regulations under this subsection.

11 Sec. 47.25.423. PROGRAM PARTICIPANTS. (a) The department shall  
12 require participation in the program by persons required to partici-  
13 pate under federal law. Except as provided in AS 47.25.425(f), the  
14 department may not require participation in the program by the parent  
15 or other relative of a child under three years of age if the person  
16 personally provides care for the child.

17 (b) The department may allow applicants for and recipients of  
18 aid under AS 47.25.310 - 47.25.420 to volunteer to participate in the  
19 program whether or not they are required to participate under (a) of  
20 this section.

21 (c) The department may give priority in the program to the  
22 following target populations in the order listed, with further priori-  
23 ty in each group being given to persons in families where the depen-  
24 dent child's custodial parent is under the age of 20:

25 (1) custodial parents under the age of 24 who have not  
26 completed high school or its equivalent and are not enrolled in a  
27 course of study;

28 (2) custodial parents under the age of 24 with little or no  
29 paid work experience in the 12 months preceding their application

1 under the program;

2 (3) members of families in which the youngest child who is  
3 receiving assistance under AS 47.25.310 - 47.25.420 is within two  
4 years of becoming ineligible for assistance because of age;

5 (4) members of families who received aid to families with  
6 dependent children in at least 36 of the 60 months preceding applica-  
7 tion under the program established in AS 47.25.421 - 47.25.429.

8 Sec. 47.25.425. PROGRAM COMPONENTS. (a) The department may  
9 offer to a participant in the program the following types of services  
10 and activities to the extent indicated as appropriate by the initial  
11 assessment under AS 47.25.427(a):

12 (1) educational activities, including high school or equiv-  
13 alent education combined with job training as needed, basic and reme-  
14 dial education to achieve a basic literacy level, education for indi-  
15 viduals with limited English proficiency, and career training through  
16 post-secondary education;

17 (2) job skills training;

18 (3) job readiness activities to help prepare participants  
19 for work;

20 (4) job development and job placement;

21 (5) job search requirements;

22 (6) on-the-job training;

23 (7) a work supplementation program;

24 (8) work experience; and

25 (9) other educational, training, or work-related services  
26 and activities, including reasonable activities designed to promote  
27 and develop entrepreneurial ability and success.

28 (b) The program components described under (a) of this section  
29 must conform to the requirements of federal law so as to ensure the

1 maximum federal financial participation in the costs of the program.

2 (c) In consultation with the Department of Community and Region-  
3 al Affairs and the Department of Labor, the department may initiate  
4 development of innovative public work programs designed to meet fed-  
5 eral requirements related to work activity for a person in a family  
6 that receives assistance on behalf of a dependent child who is depen-  
7 dent because of the unemployment of the primary wage earner in a  
8 two-parent family.

9 (d) To further the purposes of the work supplementation program,  
10 the department may use the options allowed under federal law to

11 (1) adjust the levels of the standards of need set by the  
12 department under AS 47.25.320(a) to the extent the department con-  
13 siders it to be appropriate; the need standards in effect in areas of  
14 the state in which the work supplementation program is in operation  
15 may differ from the need standards in effect in other areas; the need  
16 standards for categories of recipients may vary among the categories  
17 to the extent appropriate on the basis of ability to participate in  
18 the work supplementation program;

19 (2) adjust retrospective budgeting requirements and the  
20 amount of earned income to be disregarded to the extent allowed by  
21 federal law so as to encourage participation in the work supplemen-  
22 tation program and to decrease disincentives for retaining employment;  
23 and

24 (3) supplement jobs in the public and private sectors, as  
25 appropriate.

26 (e) In implementing the program component under which a person  
27 may pursue career training through post-secondary education, the  
28 department shall

29 (1) give priority to participation by persons without a

1 post-secondary degree, persons who were in a post-secondary program of  
2 training or education but whose participation was interrupted because  
3 of family circumstances, persons who have graduated from high school  
4 or hold an equivalent diploma, and persons who need retraining because  
5 of changes in the labor market;

6 (2) establish guidelines under which

7 (A) other sources of educational assistance must be  
8 exhausted before program money is used;

9 (B) the education must be consistent with the person's  
10 employment goal, and the employment goal must be consistent with  
11 the job market of the state;

12 (C) the education must take place in the state unless  
13 a particular type of training is not available in the state; if  
14 out-of-state education is approved, the department shall contract  
15 for supportive services for the participant at the location of  
16 the education, when feasible;

17 (D) the maximum annual or total training cost for  
18 books, tuition, and associated education fees reimbursable under  
19 the program shall be set under regulations of the department;

20 (3) require full-time student status after the initial six  
21 months for each participant and maintenance of a "C" average in graded  
22 programs or "passing" grades in pass/fail programs.

23 (f) In the case of a person who is a custodial parent under the  
24 age of 20, has not successfully completed a high school education or  
25 its equivalent, and is receiving aid under AS 47.25.310 - 47.25.420,  
26 the department may require the person to participate in educational  
27 activities directed toward the attainment of a high school diploma or  
28 its equivalent to the extent required by federal law. This require-  
29 ment is applicable to a person who might otherwise be exempt from

1 full-time participation under regulations of the department because  
2 the person personally provides care for a child under the age of six.  
3 Notwithstanding AS 47.25.423, this requirement is also applicable to a  
4 person who might otherwise be exempt from participation because the  
5 person personally provides care for a child under the age of three.

6 (g) In the case of a person who is a custodial parent at least  
7 20 years old but less than 25 years old, has not successfully complet-  
8 ed a high school education or its equivalent, is receiving aid under  
9 AS 47.25.310 - 47.25.420, had little or no paid work experience in the  
10 12 months preceding the person's application for aid under AS 47.25.-  
11 310 - 47.25.420, and is not otherwise exempt, the department may  
12 require the person to participate in either

13 (1) educational activities directed toward the attainment  
14 of a high school diploma or its equivalent; or

15 (2) another program component described in this section.

16 Sec. 47.25.427. PROGRAM OPERATION. (a) The department may  
17 operate the program under a case management system. Under an agree-  
18 ment described in (d) of this section, the department or the appropri-  
19 ate contractor may assign each participant to the various components  
20 of the program based on an assessment of the participant's

21 (1) family circumstances;

22 (2) needs for education, child care, and other supportive  
23 services;

24 (3) skills, prior work experience, and employability.

25 (b) During the assessment under (a) of this section, the case  
26 manager may recommend to the participant that the participant consider  
27 participating in program components designed to promote and develop  
28 entrepreneurial ability and success. If the assessment required under  
29 (a) of this section indicates that more than one available program

1 component would be appropriate for a participant, the department may  
2 assign the participant to the available appropriate component chosen  
3 by the participant.

4 (c) To the extent allowed by federal law, the components avail-  
5 able to persons who are members of families where two parents are  
6 living in the household may be the same as those available to persons  
7 who are members of families where only one parent is living in the  
8 household.

9 (d) The department shall require the participant, or the adult  
10 caretaker in the family of which the participant is a member, to  
11 negotiate and enter into an agreement with the department that spec-  
12 ifies the participant's obligations under the program, the duration of  
13 participation in the program, and the activities to be conducted and  
14 the services to be provided in the course of the participation. The  
15 agreement must also include a description of what sanctions may be  
16 imposed on the participant for noncompliance with the agreement and  
17 how noncompliance will be determined. The department shall provide  
18 the participant with whatever assistance is needed to review and  
19 understand the agreement. The participant and an authorized represen-  
20 tative of the department shall sign the agreement.

21 (e) Notwithstanding AS 47.25.423(a), the department may not  
22 require a person to participate in the program unless the department  
23 agrees to pay for

24 (1) costs of child care determined by the department to be  
25 necessary for the person's program participation; and

26 (2) other work-related expenses or expenses related to  
27 participation in a training program under AS 47.25.421 - 47.25.429, as  
28 determined by the department; this paragraph does not require the  
29 department to pay for the cost of tuition and books required for an

1 educational activity approved under the program.

2 (f) The department shall operate the program in a way that  
3 complements, where possible, similar programs operated by Indian or  
4 Native organizations under 42 U.S.C. 682(i). The department shall  
5 avoid duplicating Indian or Native program efforts and, where appro-  
6 priate, may negotiate agreements under which a client who is eligible  
7 under either (1) an Indian or Native program or (2) the state program,  
8 may be served by the other program without a change in funding source  
9 for the services provided.

10 Sec. 47.25.429. DEFINITIONS. In AS 47.25.421 - 47.25.429

11 (1) "department" means the Department of Health and Social  
12 Services;

13 (2) "participant" means a person who participates in the  
14 program;

15 (3) "program" means the JOBS program established under  
16 AS 47.25.421 - 47.25.429.

17 \* Sec. 7. AS 23.15.650 is repealed.

18 \* Sec. 8. DEMONSTRATION PROJECT; "UNEMPLOYMENT" DEFINITION. The De-  
19 partment of Health and Social Services shall seek authority and funding  
20 from the federal Secretary of Health and Human Services to conduct a demon-  
21 stration project under sec. 503 of the Family Support Act of 1988 designed  
22 to evaluate the comparative cost and employment effects of an alternative  
23 definition of unemployment that could be used for purposes of granting aid  
24 to families with dependent children who are dependent because of the unem-  
25 ployment of the family's principal wage earner. In the demonstration  
26 program, if approved by the federal government, the department shall ex-  
27 plore the option of eliminating from the definition any requirement relat-  
28 ing to the number of hours worked in a given time period.

29 \* Sec. 9. EXPLORATION OF INNOVATIVE ALTERNATIVES. The Department of

1 Health and Social Services shall explore the possibility of developing an  
2 innovative program of education and training designed for two-parent fami-  
3 lies who receive aid to families with dependent children. The department  
4 shall consider including in the program elements related to participation  
5 by both parents, participation for more than 16 hours a week, combining  
6 work experience and education components to satisfy work history require-  
7 ments, and the use of alternative work experience programs. If the depart-  
8 ment determines that statutory changes are needed to implement this type of  
9 innovative program, the department shall recommend the necessary changes to  
10 the legislature if they involve state law and seek federal approval if they  
11 involve federal law.

12 \* Sec. 10. PILOT PROJECT FOR TEENS. (a) The Department of Education  
13 may award a contract to a school district to establish a pilot project  
14 under which persons of school age who are either pregnant or are parents  
15 could attend an alternative education program designed to meet their needs  
16 for day care, transportation, and education related to parenting, job  
17 skills, health, and fitness.

18 (b) The department may award the project contract described in (a) of  
19 this section to a school district that

20 (1) has access to existing facilities to support the project;

21 (2) will serve persons of school age who are pregnant or are  
22 parents, including eligible school-aged persons from other areas of the  
23 state who are temporarily residing in the district in order to be near its  
24 specialized health facilities;

25 (3) agrees to accept into the project all school-aged persons  
26 receiving assistance under AS 47.25.310 - 47.25.420 (aid to families with  
27 dependent children) who apply for acceptance into the project and meet  
28 project participation criteria; and

29 (4) will work with rural educators to develop methodologies

1 applicable to rural communities.

2 (c) After determining where the project will be located according to  
3 the criteria set out in (b) of this section, the department shall retain  
4 oversight jurisdiction of the project.

5 (d) The department shall require the school district in which the  
6 project is located to submit information that will assist the department in  
7 evaluating the extent to which the project meets the needs of its partici-  
8 pants for day care, transportation, and education. The department shall  
9 also analyze the project's operation to determine the extent to which its  
10 methodologies would be suitable for application in other school districts  
11 that vary in size and demographics. To the extent that the department  
12 determines that the project's methodologies are not suitable for statewide  
13 application, the department shall develop recommendations for other method-  
14 ologies that would be applicable to other school districts.

15 (e) In this section, "school age" has the meaning given in AS 14.03.-  
16 070.

17 (f) This section is repealed June 30, 1992.

18 \* Sec. 11. This Act takes effect October 1, 1990.

# HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES



P.O. BOX V, JUNEAU 99811  
(907) 465-3759

March 8, 1990

Letter of Intent to  
CSHB 171 (HESS)

The purpose of this letter is to state that the House HESS Committee intends, under this legislation, to allow people who are participating in the Job Opportunities and Basic Skills (JOBS) program to attend a four year degree program if it will assist them in obtaining gainful employment.

CSHB 171 (HESS) will allow JOBS participants to access 4 year college programs as well as 2 year vocational or college programs. A four year program is acceptable if required to meet the client's employment goal, and if this employment goal is supported by the client's assessment results and labor market conditions. However, JOBS participants in the final two years of a four year program will receive child care assistance, case management and other supportive services on an as-available basis. JOBS funds will not be used to pay tuition or other direct costs for these final two years.

Clients will not be sanctioned for failure to complete Job Search or other JOBS program activities during this period of self-initiated education provided that they are attending a Pell Grant approved institution at least half time, and making satisfactory progress as defined by the institution.

A handwritten signature in cursive script, appearing to read "Johnny Ellis".

Rep. Johnny Ellis, Chair

FAMILY SUPPORT ACT OF 1988

HOW DOES IT CHANGE WELFARE IN ALASKA?

WELFARE REFORM

CURRENT

Includes intact, two parent families in AFDC when primary wage earner is unemployed.

Only single parent families are eligible.

On a phased-in schedule, these families must participate in work programs in order to receive benefits.

Alaska currently has no comparable work programs.

Creates "JOBS" - a new employment and training program. JOBS must provide in depth services to the hard to serve, to help families move off assistance.

"WIN" is replaced. WIN has become primarily a job search agency because of reduced funding levels.

Regional Native organizations serve Alaska Native clients in each of 12 ANCSA regions.

State WIN serves Natives in 5 State WIN locations.

Parents exempt until youngest child is 3 years (unless parents are teens).

All parents exempt until youngest child is 6 years.

Other training and education education programs coordinate services for welfare clients.

Existing programs have no mandate to serve welfare clients.

JOBS must obtain public comments and SJTCC review of plan.

No review required.

JOBS must target its resources to the hard to serve welfare clients, especially young parents and long term dependent.

No targeted populations.

Teenage parents must work toward H.S. diploma or G.E.D.

No education mandate.

All participants must aim for basic literacy level of grade 8.

No literacy requirement.

Requires child care guarantee.

No child care required.

Requires public review of supportive services plan.

No review required.

Requires Transition Benefits when families leave welfare for work.

Up to 12 months of Medicaid.  
Up to 12 months of child care on a sliding scale fee basis.

Up to 4 months.  
No child care.



# The impact of welfare dependency on the economic system

World markets are far more competitive today than ever before in our history. If we are to compete in them effectively and

maintain our nation's prosperity, we must have an adequate supply of well-trained, productive people in the labor force.

## Why we need to help people become self-sufficient

### Facts about the economy

#### Changes in the labor market

Without a better system for helping people to overcome barriers to employment, we are almost certain to face an economic crisis. A severe labor shortage is expected

soon as a result of the low birth rates of the 1970s, which will reduce the pool of entrants to the labor force.

□ In 1988, there were only 7.9 million 16-to-19-year-olds in the labor force vs. 9.9 million in 1978. Similarly, 16-to-24-year-olds represented 24% of the labor force in 1978, but will represent only 16% by 1995.

□ In 1988, the unemployment rate fell to 5.5%—the lowest rate in 14 years. Pockets of labor shortages have already appeared, particularly among entry-level workers, and in fields such as food service, nursing, and clerical/secretarial work.

□ An estimated 82% of the entrants to the labor force in the next 12 years will be women and minorities. The growth of the number of blacks in the labor force is double that of whites, and Hispanic growth is expected to be even greater. Although minorities now comprise only 21% of the labor force, they will fill 57% of the new jobs created during the next century. Many women and minorities lack the education and experience to fill the available jobs.

#### Increasing job skills

At the same time as the labor force will be shrinking, the skill level required for most jobs will be increasing. However, this new labor pool may not be qualified to fill the available jobs.

□ By 1990, more than 50% of all jobs will require education or technical training beyond high school. By the year 2000, the average skill level of all American jobs is expected to increase by 28%, requiring increased reading, writing, and math skills.

□ More than one in seven youths drop out of school. In many urban schools, the rates are 50% or more. Over 50% of all Hispanic youth will drop out of school. School dropouts are two-and-a-half times more likely to be unemployed than those who

graduate.

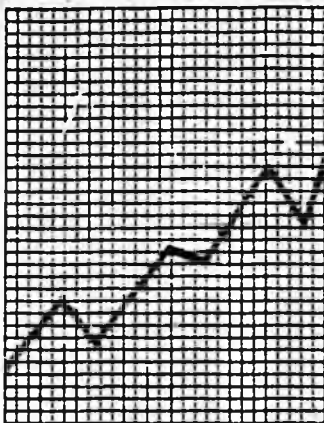
□ One of every eight 17-year-olds is functionally illiterate, as is one in three welfare recipients, and one in three unemployed people.

#### The cost of inaction

Helping individuals become productive not only benefits the economy but also reduces the direct fiscal and social costs of poverty. Allowing a separate underclass to develop is a tragic waste of human potential. Children trapped in a cycle of poverty might otherwise have made significant contributions to the quality of our lives in science, politics, commerce, the arts, or the humanities. What's more, by perpetuating the poverty cycle, we are allowing the costs of dependency and associated problems to increase.

□ The federal government spent \$120 billion on aid to the poor in 1987, compared with \$7.7 billion in 1964.

□ Despite today's increased spending, one in four children lives in poverty. Poor children are much less likely to be prepared adequately to enter the labor market.



□ More than one million teenage girls become pregnant each year. Over 50% of all teenage mothers end up on welfare. They remain there for an average of seven years, while 50% of all welfare recipients stay for only two years. Teenage pregnancies cost the United States over \$16 billion each year in welfare expenditures alone.

□ The lifetime cost of a single alcohol or drug abuser in terms of lost productivity, as well as direct economic burdens, is \$85,000. It is estimated that one in ten adults in the work force suffers from alcohol or drug abuse problems that may threaten their health, their jobs, or their families' safety or stability.

□ Remedial training and lost productivity cost U.S. businesses \$25 billion a year.

□ Each year, dropouts cost America \$240 billion in lost earnings and foregone taxes over their lifetimes.

□ Every \$1.00 spent on early prevention and intervention can save \$4.75 in costs of welfare, crime, and remedial education further down the road.

# The welfare system

Aid to Families with Dependent Children (AFDC), typically referred to as welfare, was created during the Great Depression of the 1930s to support widows and orphans. The elderly and disabled are supported through Social Security and Supplemental Security Income. The newly unemployed receive unemployment compensation for a limited number of months through the Employment Security Program.

AFDC is run by the states which set their own eligibility rules and benefit levels within guidelines established by the federal government. Federal funds cover approximately 54% of the costs.

When AFDC was established, women were not expected to enter the labor force, thus income maintenance was an appropriate goal. Today, most welfare recipients are separated, divorced, or never married, and most women in our society, even those with small children, are in the labor force. The realities of life in America have changed, but the welfare system has not changed with them. What is needed today is not an income-maintenance program, but an employment program to help people overcome the barriers to employment, develop skills, and chart a career path out of poverty.



## Characteristics of

□ Most welfare recipients rely on welfare for short-term crises—divorce, desertion, unemployment. Approximately half leave the program within two years.

□ However, approximately 17% of welfare recipients remain in the program for more than eight years. At any one time, these long-term recipients make up 50% of the welfare caseload.

□ Long-term welfare recipients are disproportionately black, female, single, teenage mothers, poorly educated, and lacking any work history. Three-fifths of adults on welfare are school dropouts and one-fourth have no work experience.

□ In 1969, only 28% of adults on welfare had never been married. By 1986 this figure had risen to 46%. In 19% of these families the husband has deserted, and in 21% the parents are divorced or legally separated. In only .8% of the families is the father deceased. The remaining families are two-parent families eligible for benefits under the Unemployed Parents Program.

□ In 1984, 37% of welfare recipients worked some portion of the year.

## The bottom line

To preserve America's competitiveness and prosperity, and to fulfill the promise of our national values of equal opportunity for all, we need to invest in our human capital. We cannot allow people to fall into poverty and despair without giving them a helping hand. If we don't strive to achieve this goal, we undermine the very foundation of our social and political institutions. We cannot have a strong nation with-

out strong, productive people. We cannot ignore the plight of the millions of poor children who do not have an adequate start in life. They are our future.

To accomplish our goal, we need to form partnerships among the public, private, and voluntary sectors to turn the welfare program into a program that expects welfare recipients to work and truly helps them achieve that goal through appropriate training,

education, and job placement. We must address the problems that perpetuate dependency—problems such as illiteracy, teen parenthood, dropping out of school, and drug and alcohol abuse. We must reduce fear and ignorance and help people develop a strong belief in themselves and their ability to develop positive productive lives.

## Welfare recipients

□ Inflation has eroded the value of welfare benefits which are set by the states. They have declined 35% since 1970 when adjusted for inflation. Even when combined with other aid programs such as Food Stamps and low-income energy assistance, the decline is 25%.

□ Although welfare and other programs for the poor comprise only 10% of the federal budget, they bore 30% of the budget cuts made in 1981 and 1982.

□ Welfare recipients often don't take low-paying jobs because these do not provide health benefits for their children should they become ill. Families on welfare are covered by Medicaid, but benefits terminate abruptly several months after taking a job with no phaseout.

□ Similarly, child-care subsidies, rental assistance, and low-income energy assistance often terminate either at the time of full-time employment or shortly afterwards. By taking a job, welfare recipients can find themselves worse off financially than if they had stayed on welfare.

### Poverty population

Poverty is widespread among women and children.



# The impact of welfare dependency on the social system

The cornerstone of this nation is a belief in the right to life, liberty, and the pursuit of happiness. We strive to provide everyone with an equal opportunity to achieve his or her hopes and dreams. The openness of our economic and social systems has

enabled many people to achieve great success no matter how humble their beginnings. But that promise is not being fulfilled for many people mired in poverty who need help in turning their dreams into reality.

## Facts about poverty

### PRESENT SCOPE

□ Today, approximately 34 million of all Americans live below the poverty line. In 1988, the federal poverty line was \$11,650 for a family of four.

□ In 1986, children under 18 represented 39% of the poverty population, while adults represented 50% and the elderly 10.5%.

□ The poverty population includes 8 million families, nearly half headed by a single parent. As many as 95% of the single heads of these households are women. Nearly 40% of all single-parent households are poor, four times as many as two-parent families.

□ Today, 25% of all American children are born into poverty but for Hispanics the figure is 40%; for blacks it is 50%.

□ The majority of those in poverty are white (24 million), 34% are black, and 26% are Hispanic.

□ Not all of the poor are unemployed. In 1984, 32% of all the poor worked some portion of the year. Two million parents, although working full time, lived in poverty.

□ Poverty is not confined to the largest urban areas. In 1980, while 31% of the nation's poor lived in the central cities of the 100 largest urban areas, 21% lived in the suburbs of those cities and 48% lived in smaller urban areas or in rural areas.

### GROWTH OF POVERTY

Despite our prosperity, we have seen a stubborn rise in poverty in the past decade. Increasingly, the poverty population is made up of women and children in single-parent households. We need to determine the causes of

these trends, whatever they may be, and begin to take steps to reverse them.

□ In the 1980s, poverty rates have been rising. During the 1970s, the rates hovered between 11% and 12%. In 1982, they rose to a high of 15% and since have declined to 14%.

□ While the greatest decrease in poverty has been among the aged, the greatest increase has been among female-headed households and children. The proportion of blacks in the poverty population has remained relatively stable.

□ Single-parent households with incomes under the poverty level have increased from 2.4 million in 1975 to 3.4 million in 1985. Between 1982 and 1983, increases in the number of these households headed by women accounted for 95% of the increase of poverty among all families.

□ Sixty percent of children born today can expect to live at some time in a single-parent family, 90% of which are headed by women. Divorce accounts for 68% of these families; illegitimacy, 20%; separation, 8%; and death of a spouse only 3%.

□ The number of full-time working poor increased two-thirds between 1978 and 1986.

□ When adjusted for inflation, household income in middle- to low-income ranges has dropped. Between 1973 and 1985, average weekly wages fell 13%. At the same time, family income for those in the middle fifth of the U. S. income distribution dropped 10%, but for the next-to-the-bottom fifth, it fell 20%; for the bottom fifth, it dropped 34%.

□ Inflation has reduced the buying power of the minimum wage, also. When adjusted for inflation in 1986, the minimum wage had 25% less buying power than it did in 1981.

## WELFARE REFORM OVERVIEW

The Family Support Act of 1988 is the most comprehensive overhaul of the Aid to Families with Dependent Children (AFDC) program since it was enacted in 1935. Passage of the new Act was the result of a two year bipartisan effort by the nation's governors. It begins to change the current welfare system from an income maintenance program with minor work components, into a system that actively promotes family self-sufficiency and assists clients in leaving welfare for work.

### KEY FEATURES OF THE FAMILY SUPPORT ACT:

#### A. Cash and Medical Benefits for Unemployed Parents:

For the past several years, states have had the option of covering two-parent households in which the principal wage earner is unemployed. Alaska has not included these families in its AFDC program. The Act mandates AFDC unemployed parent (UP) coverage in all states beginning October 1, 1990.

#### B. Job Opportunities and Basic Skills Training (JOBS)

The Act repeals the WIN (Work Incentive) program in the work programs established under the old AFDC program and replaces it with JOBS. State programs begin October 1, 1990. The key differences between the old and the new program are:

1. Alaska Native organizations receive the direct federal funding to provide JOBS services to Alaska Native AFDC clients. Native grantees will begin their programs before the State begins its JOBS. Native funding for FY 91 is expected to be 38% of Alaska's total JOBS funding; no State or local match is required.
2. Services must be targeted to the long-term dependent and those most at risk of becoming long term dependent.
3. Because long-term dependent and at risk clients are also the hardest to serve they will require more in-depth services.
4. Supportive services such as child care, transportation, medical assistance, increase.
5. Federal funding levels will increase and match funds are available for new services, as long as federal funds are targeted to long-term dependent and at-risk individuals.
6. Phased-in performance standards increase the number of clients served.

#### C. Transitional Benefits While Working:

1. The Act creates a new entitlement to day care assistance for up to twelve months for anyone who leaves AFDC because of increased earnings, beginning April 1, 1990.
2. The Act also makes the current four-month extended Medicaid benefits available for up to a full year, beginning April 1, 1990.

#### D. Child support Enforcement:

The Act addresses several child support enforcement issues, but the four main features are:

1. Each state establish guidelines by October 1989 which are a rebuttable presumption for judges who set support orders, with periodic review of the guidelines;
2. Support orders must also be reviewed regularly;
3. Employers must immediately withhold child support payments from wages for nearly all support orders on a phased in schedule beginning November 1990;
4. The identities of both parents must be established at the time a birth is recorded,

## GOALS OF ALASKA'S FY 91 FAMILY SUPPORT ACT PACKAGE

### UNEMPLOYED, TWO-PARENT FAMILIES

Cover the 1495 poor children in 623 intact families with AFDC cash benefits, and provide them and their parents with medical coverage, by October 1, 1990.

Why: Congress felt that poor children in intact families were being penalized in the 20 states who did not cover them.

Tools: Unemployed Parents AFDC, Medicaid.

Establish one pilot program each in urban and rural Alaska that allows parents in UP families to "work off" their AFDC grant and medical insurance.

Why: By definition, both parents in UP families are able bodied, and at least one has recent work experience. If no paying jobs are available, one parent may support the family by performing work or community service for their AFDC grant and health insurance. States with strong Work programs experience lower UP cash assistance payments than states without Work requirements.

Tools: State JOBS, Native Grantees.

### JOB OPPORTUNITIES AND BASIC SKILLS TRAINING (JOBS)

Provide meaningful job training opportunities to 620 non-natives and 380 Alaska Natives on AFDC. AFDC clients whose youngest child is three years or older are mandatory participants if child care is available.

Why: In our society, work is tied to self-esteem. The work force has changed and more than 60% of women with young children work.

Tools: JTPA training funds, JOBS case management services, child care, medical coverage.

JOBS, cont'd.

Raise the literacy level of JOBS participants who do not perform above an 8th grade level.

Why: Any job which pays enough to support a family requires basic competency in English and math.

Tools: Adult Basic Education (A.B.E.) services, both urban and rural.

Ensure that young parents between ages of 13-24 on AFDC get a high school diploma. The law mandates education for those under 20 without a diploma and targets young parents under 24 for special attention.

Why: The single most predictable profile of a long-term welfare dependent is one of a young parent who lacks a high school education. Investing here will be our biggest pay off.

Tools: DOE pilot for 25 teen parents, other JOBS services, child care, medical, and supportive services.

Ensure clients with barriers to learning or training get help.

Why: One of the most frequent concerns of job training professionals is that clients' underlying problems, such as substance abuse, are not addressed during or before training. The result is another failure for the client and waste of precious training resources.

Tools: Specialized intensive case management and supportive services for 25 JOBS clients who are appropriate for treatment. (Treatment resources come from existing system).

JOBS, cont'd.

In exchange for parents' participation, guarantee cash assistance, child care and medical coverage to 1000 AFDC families participating in training or education.

Why: In this contract, if parents agree to try to improve themselves, then the government must give them the tools to do so. As a practical matter, the government is already paying cash and medical for this client. The new expense is for child care.

Tools: AFDC cash, JOBS, child care and medical.

Make sure there is enough supply of child care/of the right hours in the right places to meet the needs of FSA clients.

Why: Alaska must exempt parents from participation if child care cannot be found. Supply of part-time, weekend, evening care and care for very young children must be generated. Entry level jobs, especially in service sector may not be 8-5 pm.

Tools: Information and referral brokering service to recruit providers and match with client needs and to do ground work for licensing.

Ensure that 1400 children placed in child care while parents work or train get quality care, beginning April 1, 1990 and October 1, 1990.

Why: It is shortsighted to address the needs of a parent in poverty only to ignore the needs of their children. Quality care must be available to all clients.

Tools: JOBS component to educate the parent to choose good quality care, licensing resources.

JOBS, cont'd.

Ensure that parents have the tools to balance work and family.

Why: Being a good parent is the most important job most of us will ever do, yet it is the job for which we receive the least formalized training. Single parents, young parents, families with economic pressures, or low education levels could benefit greatly.

Tools: JOBS will provide parenting training during its orientation sessions. In future years, JOBS may offer scholarships to community-based parenting programs for AFDC clients.

TRANSITION BENEFITS WHILE WORKING

Help with child care expenses and medical coverage for up to one year for the working poor who leave AFDC for a job.

Why: Lack of affordable child care and medical coverage are two major reasons parents do not permanently make the transition from welfare to work. It seems safer to "do nothing."

Tools: Transitional child care and medical benefits beginning April 1, 1990, via Medicaid and DCRA.

CHILD SUPPORT ENFORCEMENT

Ensure that Alaska has ability to review and modify child support guidelines and all support orders periodically.

Why: It is important that child support payments reflect current economic conditions, needs, and family situations.

Tools: Child Support Enforcement Division staff within Department of Revenue; Court System's Child Support Guideline Committee.

CHILD SUPPORT ENFORCEMENT cont'd.

Beginning November 1990, immediately withhold child support payments for new and modified orders from paychecks.

Why: Experience indicates that collections are much higher when they are automatically withheld from wages. Current practice is to immediately withhold payments only for obligors whom the system has marked as being delinquent in their payments. This creates a stigma for those obligors.

Tools: CSED, employers.

Increase paternity establishment for AFDC cases.

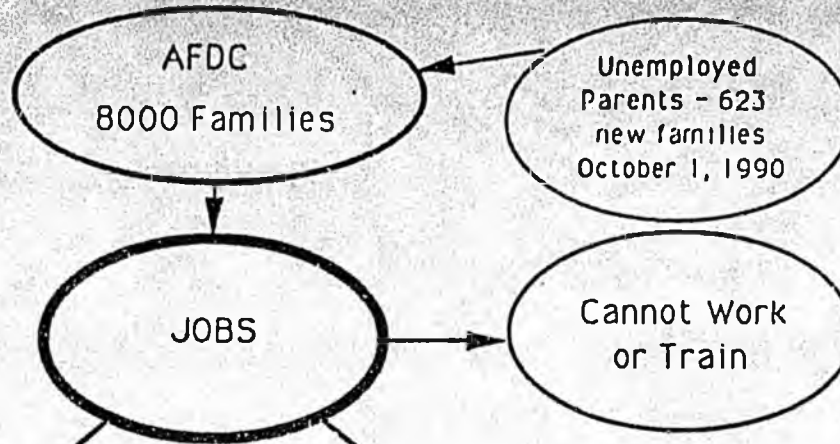
Obtain Social Security Numbers of both parents before Birth Certificate is issued.

Why: Parents should be responsible for their children, whether or not they live in the same home. AFDC cash outlays can be reimbursed by child support payments collected by CSED on behalf of AFDC clients.

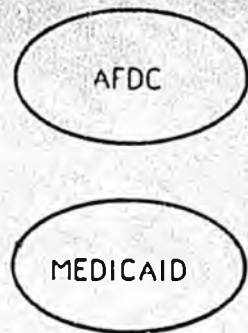
Tools: CSED staff, DPA eligibility workers, Bureau of Vital Statistics, sanctions if clients don't cooperate.

CASH ASSISTANCE

WELFARE REFORM

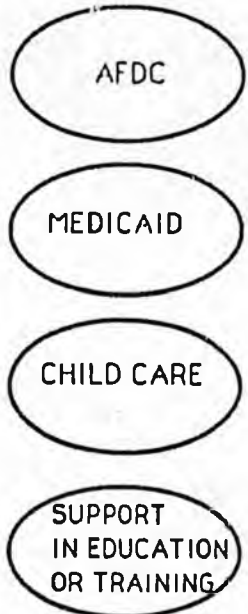
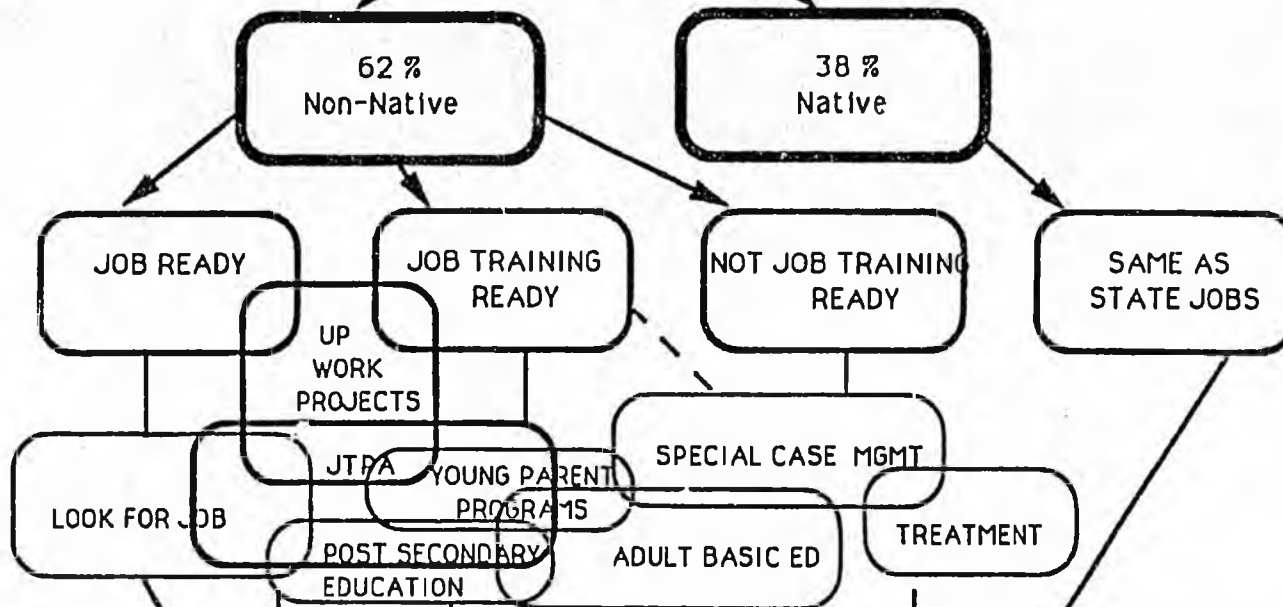


BENEFITS



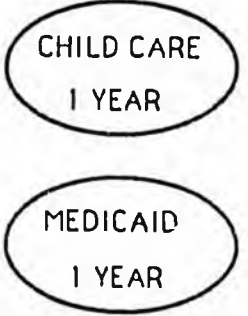
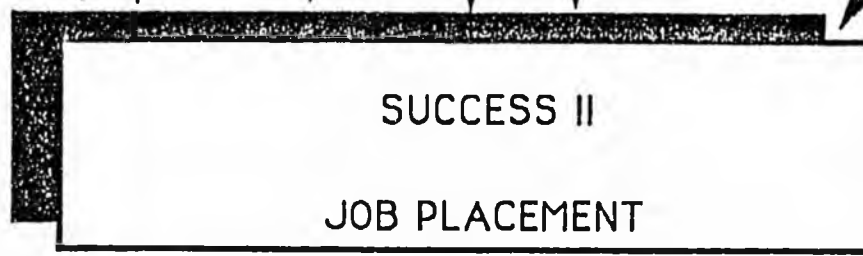
JOBS

October 1, 1990



TRANSITION BENEFITS

April 1, 1990



## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: \_\_\_\_\_  
 Title: An Act relating to AFDC and  
establishing an effective date BRU: Public Assistance Administration  
 Sponsor: Rep. Ellis, Bover, M. Davis et al Components: Alaska Work Program  
 Requestor: House Finance Committee

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	750.0	750.0	750.0	750.0	750.0	750.0
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL OPERATING</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	750.0	750.0	750.0	750.0	750.0	750.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

FY 91 funding includes: Adult Basic Education 500.0  
 Parenting Education 250.0

Prepared by: House Finance Committee Phone: 465-3727  
 Division: Co-Chairman Ron Larson Date: 4/4/90  
 Approved by Commissioner: Co-Chairman Lyman Hoffman Date: 4/4/90  
 Agency: \_\_\_\_\_

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

*Changes in SCS CSHB 171 (HESS)  
 are minor, and should not change  
 the fiscal note.*